

New York City Council Bill Protects Businesses from Unfair Competition, Secures Health Care for 152,000 New Yorkers

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**New City Council Bill Protects NYC Businesses from Unfair
Competition, Secures Health Care for 152,000 New Yorkers**
*Leveling the Playing Field for Businesses: Ending the “Race to the
Bottom”*

New York, NY - A spokesman for Gristedes supermarket Chairman and CEO John Catsimatidis and Gordon Roth, a small business owner of Roth Painting, joined NYC Council Members today to call for the City Council to pass the NYC Health Care Security Act, a new bill that protects NYC businesses that provide health care for their employees. The bill levels the playing field for businesses by requiring that all companies in the targeted sectors provide a similar level of health care to their employees.

The NYC Health Care Security Act comes at a time when responsible

employers across the country are being hurt by companies like Wal-Mart and BJ's Wholesale Club that cut employee benefits to lower costs and undermine their competition. Companies that provide health coverage struggle to compete against those that don't. This pressures all firms in an industry to drop health care in order to stay afloat, a practice advocates for the bill call "the race to the bottom."

With a growing list of more than 80 business supporters, the bill will be introduced in the City Council tomorrow. It is modeled after California's similar "pay-or-play" law (S.B. 2/Prop. 72), which, starting in 2006, will require all medium and large employers in the state to either provide their workers health care or pay a fee to the state to cover the cost of purchasing care for them.

"In my groceries, being a butcher or a store manager can be a way of life – a family-sustaining job," said Catsimatidis in a written statement, "but if my competitors are allowed to be irresponsible and cut employee health benefits, they're not only hurting their employees, they're hurting mine. Like many good businesses around the country, if I'm forced to compete with price-slashing, cost-cutting, irresponsible employers like Wal-Mart, I'm going to have a hard time keeping my doors open – and my employees cared for."

In recent years Wal-Mart has begun to move into many of the nation's major metropolitan areas, hurting locally owned groceries and other stores that provide health care to their employees.

In order to curb this "race the to bottom", the NYC Health Care Security Act will require all employers in the hotel, large grocery store, building services, industrial laundry and construction industries in the city either to provide their workers with family health care or to contribute to a city fund that will provide employees in these industries with family health coverage. These industries were selected because the vast majority of firms in these sectors have traditionally covered

health care for their employees. But growing pressure from new competitors who do not is placing this tradition of responsible business practices at risk.

The bill is sponsored by Councilmember Christine Quinn, chair of the Health Committee, Councilmember Eric Gioia, Councilmember Robert Jackson, Councilmember Diana Reyna and Majority Leader Joel Rivera.

“This bill is good for business,” said Roth. “It protects New York business owners from unfair practices, and it protects our employees.” The bill would protect health care benefits for 152,000 New Yorkers at approximately 9,300 NYC businesses. Seventy percent of businesses that would be impacted by the bill already provide quality and affordable health care.

“As government struggles with the skyrocketing cost of health care, it is critical that we partner with the business community to prevent a downward spiral in health coverage. Increasingly, responsible employers who offer coverage are finding it hard to compete and the health of New Yorkers is falling victim to businesses’ cost-cutting measures. The NYC Health Care Security Act helps the city to address this crisis by leveling the playing field in selected industries so that employers can continue offering health care,” says Quinn, explaining that the bill ensures that the responsible businesses that provide health care are not punished for doing the right thing. The bill has support from both large and small businesses.

Additionally, the NYC Health Care Security Act will ease the burden on city taxpayers, who spend \$4 billion a year for Medicaid and pick up 85 percent of the cost of covering the uninsured – many of whom are employed by businesses that don't pay for healthcare benefits.

“The business leaders and Council members behind this bill deserve a

lot of credit,” said Paul Sonn, associate counsel at the Brennan Center for Justice. “They’re saying, ‘In these industries where employers have operated profitably for years while providing health care, let’s remove the incentive for anyone to try to gain an advantage by dropping coverage and dumping their health costs on the taxpayers.’”

The Brennan Center designed the bill and is advising its supporters and the City Council on the proposal. A legal research and advocacy center affiliated with NYU School of Law, the Brennan Center works with federal, state and local policymakers across the country on reform initiatives in a range of issue areas.

The Brennan Center for Justice at NYU School of Law, founded in 1995, unites thinkers and advocates in pursuit of a vision of inclusive and effective democracy. Its mission is to develop and implement an innovative, nonpartisan agenda of scholarship, public education, and legal action that promotes equality and human dignity, while safeguarding fundamental freedoms.
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